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Military Market

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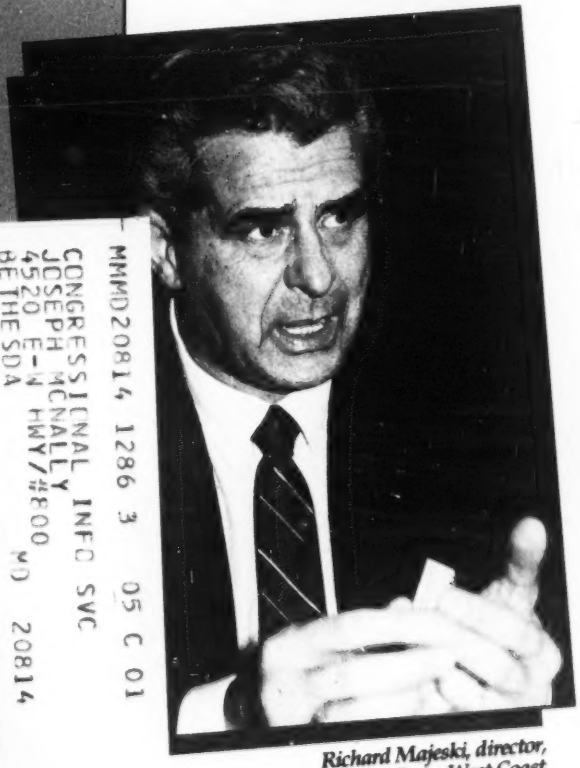
East and West

Update on Marine Corps Commissaries

Mary Wood, director, Marine Corps East Coast Commissary Complex



Richard Majeski, director, Marine Corps West Coast Commissary Complex

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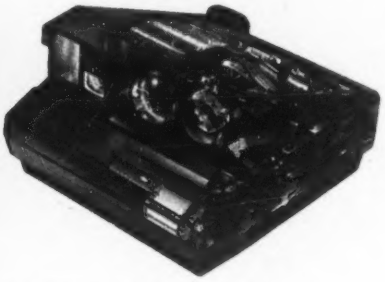
Notes on the ALA Conference

Market Reports — Latest Pictures from the Las Vegas Photo Show And Newest Tastes on the Beer and Soda Scene

contents

MAY 1986 VOL. 37, NO. 5

ALA confers in Seattle — page 24.



Picture yourself in Vegas — page 26.

4 **Editorial**

6 **News** — Travel expenses of VCS' central office are under inquiry. AAFES wants to use DEERS program to check exchange catalog customers. Rear Admiral Ruehlin criticizes ending of competitive bidding test. DoD delays plan to sell red meat. And Rep. Nichols is "progressing very nicely" after heart surgery.

7 **Letters to the Editor** — Rear Admiral Wilson "surprised" at reports of problems; a Navy Resale employee decries "holier-than-thou leadership."

17 **Market Report** — Soft drink biz goes fruity.

20 **System of the Month** — East and West, the Marine Corps Commissary Branch does a lot with small staffs.

24 **Notes on the ALA Conference** — In Seattle, the battle cry is sounded: "We as an industry are under attack."

26 **PMA 86** — The latest on the photo business: Polaroid's new Spectra, autofocusing, accessories and disc cameras.

32 **Supplier Notes/ Troop Maneuvers**

33 **Promos**

34 **New Products**

36 **Bits & Pieces** — June, a month for weddings, commencements and barbecues!

37 **Classified Ads**

38 **Military Market Index**

39 **Com-Ex Comix/Ad Index**

40 **Calendar**

COVER DESIGN BY MARISOL QUINTANA
COVER PHOTOGRAPHS BY KATE PATTERSON AND BY TRACY WOODWARD

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serving the military resale system

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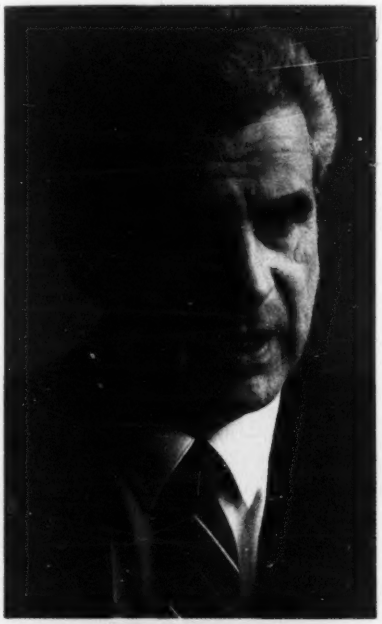
system of the month



EAST AND WEST

Majeski:

"The commissary officer is a very different breed of cat. It is a thankless job, in most cases. They work very, very hard . . . to get the job done."

WHILE SALES EVERYWHERE else on the commissary scene ring up flat and people groan about Gramm-Rudman budget cuts, Marine Corps commissaries will have another excellent year for sales — *without additional resources.*

One reason the Marines will outperform everybody else, officials told MILITARY MARKET recently, has been the centralization of procurement, distribution and paperwork functions that has come about with the creation of the service's two complexes.

The Marine Corps Commissary Service Branch began complexing in the late 1970's. This has involved centralizing various store functions and the installation of a commissary management information system.

Mary Wood is director of the East Coast commissary complex; Richard Majeski is director of the West Coast commissary complex.

For the past two years, the West Coast complex has had sales growth over 20 percent, boasted Majeski, "while other services were reporting either dips or stagnant sales."

In her office at Camp Lejeune, N.C., Wood said that sales in the East Coast stores are doing well, too — there's been a 4.8 percent increase in fiscal 1986 sales through January.

(The East Coast figures include sales for all of the complex's five original stores, plus December and January sales for the Albany, Ga., commissary. Albany joined the East Coast complex in December.)

Wood added that, in terms of the growth rate, "this figure is a lot lower than last year — we are still growing."

She predicted that this year's sales growth will exceed that of last year, once the Quantico, Va., store enters the complex on June 1.

The Benefits of Complexing

For the East and West Coast complexes, centralization has meant more efficient operations and better service and savings for the patron.

Centralized procurement has been a real benefit, both directors agreed.

Said Majeski: "By . . . running distribution centers, we can respond faster and take better care of our stores."

Before complexing, Wood told MILITARY MARKET during an interview, each store in the East Coast bought items individually. "We will now buy for seven stores. Any time you can buy in volume versus on an individual basis, you have patron savings."

Purchasing power has definitely increased in the East. Total purchasing power just a year ago was $54 million, Wood said. With the addition of the Albany and Quantico stores, that power leaps to between $80 million and $90 million.

system of the month

How does the Marine Corps Commissary Service Branch perform so well, despite budget cuts? Yes, small, highly centralized groups — like the East and West Coast Complexes — do help. But will present success spoil future growth? Officials are concerned that they may lose more than a few good commissary officers to the other services, because of lower Marine Corps grades for the same positions.

Associate Editor Anne Roketenetz provides an update with Richard Majeski, director, West Coast Commissary Complex, and Mary Wood, director, East Coast Commissary Complex.

"That equals $80 million in sales for seven stores," she said, "and I hope it [sales growth] doesn't stop there."

Similar benefits have been reaped on the West Coast, Majeski said during an interview. When the complex was begun in 1979, sales for the year were about $42 million, "with the 6 percent surcharge imbedded into that figure. Last year our sales were in excess of $65 million — without the surcharge," he told MILITARY MARKET.

This, Majeski said, "really speaks highly of the system, especially when you consider they [Marine Corps headquarters] did not add one additional body to our manpower. That large an amount — without any added personnel — is terrific."

From the point of view of the stores, said Wood, centralization has *enhanced* — not eliminated — individuality. Consolidated distribution and procurement by the complex office, she said, gives commissaries in the complex an opportunity "to devote more time to the day-to-day operation of the store.

"They are no longer bogged down in the paperwork. That's what we are [doing for them]. We are the paper pushers. That provides all-around good patron service to everyone."

And despite centralized procurement, her complex still "accommodates what the officers want to display in their store."

The complex, she stressed, simply plays an "advisory role" in encouraging or suggesting better ways of doing business.

Servicing An Overseas Store

Wood and Majeski agreed that, for the smaller military services, centralization can work . . . and work well.

Wood said she thinks some sort of regional centralization might also be successful with a larger service.

Majeski disagreed, arguing that geographical limitations would play a part. "Once you get past 250 to a maximum of 300 miles, it really isn't cost-effective to do central distribution — unless it's a very small store that you will visit once a week. For large stores with multiple deliveries, it's just not feasible."

One of the biggest benefits of centralization, Majeski said, is the uniform pricing structure the complexes provide the stores.

He used the Iwakuni, Japan, store, which is supplied by the West Coast distribution facility at El Toro, as an example. "Here is a store that is 5,000 miles away from the El Toro, Calif., store, and it has the same prices!"

Centralized distribution has also eliminated the need for the Iwakuni store to worry about minimum order requirements. Usually vendors require an order of at least 100 cases for shipment overseas. With centralized

Wood:

"They are no longer bogged down in paperwork. That's what we are [doing for them]. We are the paper pushers. That provides all-around good patron service."

distribution, Iwakuni orders only as many cases as it needs and avoids getting stuck with inventory that won't sell.

"Let's say the store orders 100 cases. Behind that order, there are maybe two more orders coming of 100 cases each. The first order gets to the store, and it died. It's a dog. It doesn't sell. [The commissary officer] has got that case to worry about, plus 200 more coming. So, he has to reduce the price and lose money in order to get it out of the system — or try to hang on to it and keep it in the system. But when it [the product] gets old and out of code, the vet might reject it. And he will have to throw the whole thing out."

The centralized system has enabled Majeski to reduce the shipping time on orders to Iwakuni from 90 to 100 days to about 27 days. The store sends its orders by phone after wanding the shelves, just as the ConUS stores do.

In Iwakuni, Majeski concluded, "the commissary officer is running a store in Japan 5,000 miles away as easily as most of the other services are running small commissaries."

Marine Corps MIS

The new Commissary Management Information System is also partly responsible for some of the Marines' phenomenal sales success.

Wood described it as being "one of the best I have ever seen."

Majeski agreed: "What we have today is far superior to any of the [other] services."

Marine commissary headquarters in Rosslyn, Va., recently installed its own CMIS system that is connected to the complexes and stores. Staff members are working on some new standards and programs to enhance the system service-wide, Wood said.

Majeski uses the system to run monthly reports to find slow-movers that should be dropped. These are then used at the complex's managers' meetings, he said, to help keep "the best-moving items in the system."

Unlike the other services, the Marines "don't ask the vendor to drop an item. We drop it ourselves," said Majeski. "Sometimes the vendor gets a little irritated, because he loses an item. But he also might pick one up."

Majeski is confident that vendors like these reports — even if it means they might lose an item. "They don't want a dog in the system. It takes up shelf space. They want a good seller out there."

Majeski also noted that the reports provide other valuable information. For instance, out of 3,300 items carried by the West Coast distribution center, roughly 50 percent account for about 80 percent of total sales.

On the East Coast, the CMIS produced a catalog of all blanket purchase agreement contracts. Wood said her complex is very proud of this.

The catalog, developed by the complex's data systems staff, is an itemized list of all products any BPA vendor supplies the complex with. It is helpful, she explained, because it eliminates the need for the sales representative to search through lists to check prices. Instead, a rep can look everything up at once.

The complex hasn't yet figured out a dollar savings the catalog has provided, but "it has made a significant difference in the amount of time spent by the salesman in the office."

"They're in the business of selling, not paper pushing," noted Wood.

CMIS has also eliminated the need for vendors to bill each store individually, said Majeski. Instead, they now receive a single accounts receivable report from the complex office.

And when a vendor visits the West Coast complex, "he doesn't need to go into the warehouse and take inventory [of his stock]. Our system gives him the inventory when he walks in the door." CMIS provides inventory information based on records of orders received, counted and store orders, said Majeski.

Now, for the vendors, "there's no more having to climb around on pallets" in the warehouse.

The Story on Scanning

Despite the advances made, not one of the service's stores is scanning yet. Majeski and Wood told MILITARY MARKET they anticipate all stores to be scanning within a year.

Wood said the Marines won't test a system. All Marine Corps commissaries will go on line all at once.

"It's been tested to death," she said. "What's the point of doing it again? We are going right into it."

Marine commissary branch headquarters is working a contract for installing and training personnel to use scanning, Wood said.

Thereafter, the two directors eagerly await scanning's ability to put pricing in the hands of the complexes. To conserve manpower, said Majeski, there will be a single person in each complex making price changes, rather than each store doing its own.

Price changes made at the complex office will then be transferred into each store's system, he said.

In the other services, each store uses someone to make price changes.

To develop the Marines' scanning system, "We took a look at all the other services and took the best from each," said Majeski.

Upgrading Manpower

The Marines have an ongoing program to make sure that all available

Fiscal 1985 Marine Corps Commissary Sales

Location	Sales	Growth	Hours Week
Western Complex	*64,744,776*	*7.4*	
El Toro	24,117,522	11.9	49
San Onofre	3,712,171	5.5	39
Camp Pendleton	20,911,877	5.2	44
Barstow	2,874,080	5.2	40
Twentynine Palms	7,052,946	0.4	41
Yuma	6,076,187	9.8	40
Eastern Complex	*54,902,448*	*9.2*	
Camp Lejeune			
(Hadnot Point)	13,300,271	7.9	48
(Tarawa Terrace)	14,115,356	11.8	50
New River	3,094,610	17.1	44
Parris Island	8,022,438	9.0	52
Quantico	22,645,151	6.8	48
Albany	5,319,305	1.4	45
Kaneohe Bay	12,252,939	6.9	48
Iwakuni	2,824,382	17.1	35
TOTAL	162,689,008	7.7	45.6

resources — including people — are being used in the most efficient way, both directors told MILITARY MARKET.

With no additional resources in sight for the near future, headquarters has been reviewing the findings of manpower surveys which were conducted by the complexes during the past year. The surveys are designed to determine whether a store, based on its size and sales volume, is overstaffed or understaffed.

"We have about 800 positions in the Marine Corps [commissaries], but we have no real standards to say, 'OK, for X size store you need X number of people,' " explained Majeski.

With the aid of these, he said, the Marines should be able to beat the lack of resources, while still maintaining a good sales growth.

One thing the West Coast complex has done to conserve resources, said Majeski, has been to "make people work smarter." For example, it uses many more part-time employees than some of the other services.

The West Coast complex has 200 full-time employees and 156 part-timers. This doesn't include the store in Kaneohe Bay, Hawaii, which joined the West Coast complex this April.

Many of the part-timers work 24 to 30 hours a week. This, said Majeski, "is a maximum utilization of these part-time people."

Majeski predicts that even more part-timers will be used in the future, if the Marines don't get more resources soon. "We are already bareboned. We are close to collapsing, if they cut us more."

Marine commissary headquarters is working to upgrade positions in the field, so they are equivalent to those in the other services.

Upgrades are critical to the system, stressed Majeski: the Marines are so far behind the other services that they may lose some good people.

"Joe [Jeu, commissary program manager] knows that, if we don't upgrade in the Marine Corps, we may lose some very fine commissary officers to the other services, because the other services are looking all the time," said Majeski.

The Air Force may have a GS-12 or GS-13 graded person running a store doing $2 million a month. A comparable Marine commissary officer might be only a GS-10 or GS-11.

"The commissary officer is a very different breed of cat," Majeski said. "It is a thankless job, in most cases. They work very, very hard and oftentimes more than eight hours a day to get the job done."

Majeski, whose own position was recently upgraded to GM-15, said Jeu is finding it difficult to reach his goal.

"I feel very bad about that, and so does Joe," said Majeski. "He is working very hard to get that resolved." Majeski predicted that Jeu "probably will be successful" in his efforts.

None of the East Coast staffers has been upgraded yet.

Down the Road

Although neither complex expects any additional resources in the near future, the two look forward to construction and other changes.

On the East Coast, Wood said she and her staff await the "challenge" of bringing the Quantico store on line with the complex. Plans call for working with the store most of June to get it familiarized with CMIS and other changes that complexing will bring.

Wood is also looking forward to the new distribution center scheduled to be built at Camp Lejeune in fiscal 1989. Already chosen, but lacking final approval, the site is on the edge of the base off the main route that runs through the base's area. It was chosen for its location to reduce tractor trailer traffic on the base.

The new facility will cost approximately $6 million to build and will provide an estimated 64,000 square feet of warehouse space and 45,000 square feet of administration space, Wood said. The complex office will be co-located with the warehouse.

On the West Coast, Majeski anticipates the opening of a new store in Japan. Built by the Japanese government, the store is expected to be ready for operation in December.

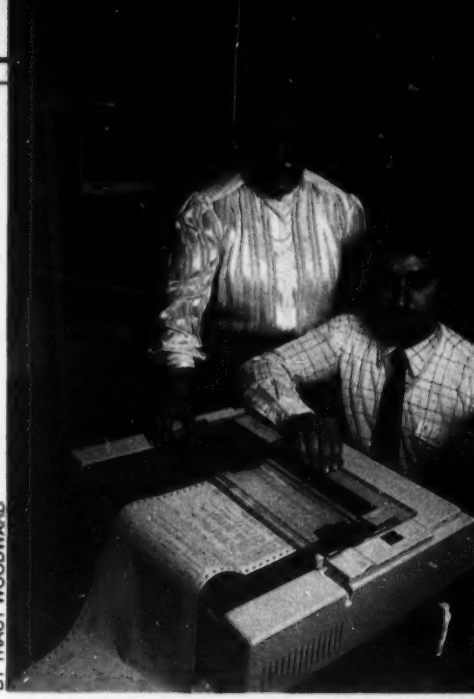
Majeski also awaits a new store at Twentynine Palms, Calif., and hopes those plans will "go on the drawing board sometime this year."

The project has been delayed a bit, he said, because of cost concerns. "We just built a store at Barstow, Calif., for just over $2 million. We plan on building Twenty-nine Palms for $3.2 million." Compared to the other services, such construction is relatively cheap.

"We don't go for any gingerbread. It's kind of plain and simple," he said. "It's a building for a purpose."

With the April addition of the Kaneohe Bay, Hawaii, store, the West Coast is establishing a "minicomplex." Bills will be paid by the complex, but orders will not have to run through the complex.

This "minicomplex" is a way to save on transporatation costs from the West Coast to Hawaii. "It is a minicomplex in the sense that the way the orders are produced is the same way the orders are produced in my West Coast complex. Orders will be produced there and written for the vendors. The item will be brought directly into the warehouse, and we will pay the bills."



BY TRACY WOODWARD

SEMPER ON-LINE: Mary Wood, director, and Dolan Brown, data systems manager, work with the Marine Corps' computer system. *Wood described it as being "one of the best I have ever seen."*

The two complexes are also busy testing new concepts. Wood said her complex is the first grocery business to test a Sterling Software computer program designed for purchase orders to be transmitted electronically from complex to vendor.

The test began this spring.

Meanwhile, the West Coast prepares to test tray-ready beef at Camp Pendleton, Calif. The meat comes pre-cut in cryogenically sealed trays. A meat market worker only needs to unwrap the item and then rewrap it.

Majeski said the test will look at quality and price and will determine whether or not its use can reduce labor costs. Virtually no meat cutters are needed with this type of system.

Use of tray-ready beef "will give us more flexibility in the meat department" by freeing up more people for other areas of the store, he said.

"Anything that can save us manpower dollars we are always looking for. That's important to us. It should be. Our main objective is to take care of that patron," Majeski said.

"We are all one big family. We are trying to achieve the same goal, and that's to give better service to our patrons." MM

Military Market index

COMMISSARIES

		JANUARY			YEAR TO DATE		
		CY'86	CY'85	% CHANGE	CY'86	CY'85	% CHANGE
	CONUS	$165,569	$154,955	6.85	$165,569	$154,955	6.85
	OVERSEAS	28,162	30,574	-7.89	28,162	30,574	-7.89
AIR FORCE	TOTAL	**193,731**	**185,529**	**4.42**	**193,731**	**185,529**	**4.42**
	CONUS	109,725	106,470	3.06	109,725	106,470	3.06
	OVERSEAS	34,335	31,710	8.28	34,335	31,710	8.28
ARMY	TOTAL	**144,060**	**138,180**	**4.26**	**144,060**	**138,180**	**4.26**
	CONUS	59,507	55,724	6.79	59,507	55,724	6.79
	OVERSEAS	6,497	6,557	-0.92	6,497	6,557	-0.92
NAVY	TOTAL	**66,004**	**62,281**	**5.98**	**66,004**	**62,281**	**5.98**
	CONUS	14,645	14,343	2.11	14,645	14,343	2.11
	OVERSEAS	252	235	7.23	252	235	7.23
MARINE CORPS	TOTAL	**14,897**	**14,578**	**2.19**	**14,897**	**14,578**	**2.19**
	CONUS	261	291	-10.31	261	291	-10.31
	OVERSEAS	355	323	9.91	355	323	9.91
COAST GUARD	TOTAL	**616**	**614**	**0.33**	**616**	**614**	**0.33**
	CONUS	$349,707	$331,783	5.40	$349,707	$331,783	5.40
ALL	OVERSEAS	$69,601	$69,399	0.29	$69,601	$69,399	0.29
COMMISSARIES	TOTAL	**$419,308**	**$401,182**	**4.52**	**$419,308**	**$401,182**	**4.52**
GROCERY STORES	U.S.[1]	$22.379	$21.003	6.55	$22.379	$21.003	6.55

EXCHANGES

		JANUARY			YEAR TO DATE		
		CY'86	CY'85	% CHANGE	CY'86	CY'85	% CHANGE
	CONUS	$204,691	$185,785	10.18	$204,691	$185,785	10.18
	OVERSEAS	148,827	135,388	9.93	148,827	135,388	9.93
AAFES	TOTAL	**353,518**	**321,173**	**10.07**	**353,518**	**321,173**	**10.07**
	CONUS[2]	58,750	62,350	-5.77	58,750	62,350	-5.77
	OVERSEAS[2]	27,709	30,558	-9.32	27,709	30,558	-9.32
NAVY	TOTAL[2]	**86,459**	**92,908**	**-6.94**	**86,459**	**92,908**	**-6.94**
	CONUS	20,615	20,857	-1.16	20,615	20,857	-1.16
	OVERSEAS	4,324	4,344	-0.46	4,324	4,344	-0.46
MARINE CORPS*	TOTAL	**24,939**	**25,201**	**-1.04**	**24,939**	**25,201**	**-1.04**
	CONUS[3]	5,453	5,138	6.13	5,453	5,138	6.13
	OVERSEAS[3]	406	444	-8.56	406	444	-8.56
COAST GUARD	TOTAL[3]	**5,859**	**5,582**	**4.96**	**5,859**	**5,582**	**4.96**
	CONUS[4]	1,363	1,054	29.32	1,363	1,054	29.32
	OVERSEAS[4]	3,635	2,863	26.96	3,635	2,863	26.96
MAIL ORDER	TOTAL[4]	**4,998**	**3,917**	**27.60**	**4,998**	**3,917**	**27.60**
	CONUS	$290,872	$275,184	5.70	$290,872	$275,184	5.70
	OVERSEAS	$184,901	$173,597	6.51	$184,901	$173,597	6.51
ALL EXCHANGES	TOTAL	**$475,773**	**$448,781**	**6.01**	**$475,773**	**$448,781**	**6.01**
DEPARTMENT STORES	U.S.[1]	$8.003	$7.644	4.70	$8.003	$7.644	4.70

* Marine Corps exchange sales reflect the fact that there were 28 sales days in January 1985 and 26 sales days in January 1986.

1) SOURCE: U.S. Department of Commerce. 2) Does not include sales of ship stores. 3) MM estimate, based on official data. 4) Includes consolidated sales for all services, including Coast Guard. NOTE: Individual figures may not add to totals because of rounding. All sales are expressed in millions (add 000), except grocery stores and department stores, which are in billions. Commissary sales include appropriate surcharges; exchange sales include concession volume.